

Date: August 3, 2007

To: Hampton Board of Selectmen cc: Fred Welch

From: Mike Schwotzer

Subject: July '07 Income / Expense Statements / Revolvers

Attached is a copy of the Income and Expense Statements for the month ending July 31, 2007. The first three pages detail the income; the next page (numbered 16 of 16) is the summary by department; the next fifteen pages (numbered 1, 2, ... 15 of 16) are the expenses by line item; then the remainder is the revolving accounts (Rec.; Cable; Detail; and EMS with YTD Ambulance Billing). The 2007 budget column uses the default budget as adjusted by the BoS.

Notable items:

- On (Income) page 1, the Motor Vehicle Fees on a year-to-date are on budget for the fourth month in a row. This account is tracked closely because it provides over 40% of the Town's total income budget.
- On (Income) page 2, as promised, the \$21.4k for the Hampton Falls Dispatch Services was reclassified from the Miscellaneous Income (billed) account into the FD – Dispatch Revenue account.
- On (Income) page 3, the parking lot revenues (thru 7/30) are shown at gross and the **effect of the 20% allocation** is shown (but not booked). The large budgeted income item on that page, Real Estate Trust Income will be recorded late in December.
- On the same page, mid-way down, the 2nd and final Franchise Fee check has been received and recorded (25% of the money has been booked to Fund 025 - Cable Committee).
- The next page (marked 16 of 16) shows the year to date expenses by department. At the end of July, the operating departments (without Debt Service) were 4.13% or \$915k (annualized) below budget (note: Medical Expense under-expenditure of \$125k and the unbudgeted \$114k for the April Storm costs are included in this amount). Only a few departments were above the 58% target level and will be discussed below.
- On page 1 (of 16), an old pay-rate for the Selectmen (additional \$125 per member) was used for the second quarter payment. This overage will be recouped during the last half of the year. In the

Town Manager's supplies account, \$5,800 relates to the cost of the TM search - discussed earlier.

- On page 2 (of 16), the overall percentage impact of "once a year" costs in the Finance Department (repairs @ \$10k and supplies @ \$10 of the \$14k spent) and the Tax Collector's supplies account is lessening as the months go by. Both are now very close to the 58% target.
- On page 3 (of 16), the overage in MIS is due to the recent determination that it's one employee is not salaried-exempt (under the FLSA). For this reason, he was paid in July for his YTD overtime hours (\$9,441). In Personnel Admin, account2310, 401 Retirement has been charged for the YTD expense relating to the Town Manager's retirement per his contract.
- On page 4 (of 16), the Town Office's maintenance line continues to run ahead of budget. However, that item's budget impact has been negated by the other lines being lower than budget.
- On page 5 (of 16), the parking administration is running over budget but the calculation is skewed by the (short) seasonality of the department. It is also important to remember that this department is also a major contributor to the Town's revenue stream.
- On pages 6 & 7 (of 16) the Police Department in total is well within its budget. However, the summer season is in full swing and so the spike in related seasonal expenses is being felt. The overage in the Mounted Patrol Expenses is due to the majority of last year's costs being covered by a Warrant Article (\$36.7k) which was not repeated in the current budget cycle for 2007.
- On pages 8 & 9 (of 16) the Fire Department is 2.5% over budget (60.82% actual vs. 58.34% target) in total with two areas, Fire Suppression OT and Vehicle Maintenance, showing the restricting effect of a default budget in a time of high demand. The department is contractually required to fill the shifts of members out on sick, W/C or vacation leave. The maintenance account is now being impacted by an aging pumper fleet which has not been replaced in a timely fashion as recommended in the CIP.
- On page 9 (of 16), the \$18,000 budget for lifeguards will not be used this year due to a shortage of qualified guards.

- On pages 10 - 12 (of 16), both major areas of Public Works (Highways & Streets / Municipal Sanitation) continue to run 6 – 11% below budgeted levels.
- On page 12 (of 16), the sub-total for Transfer Station and the total for the Solid Waste Disposal are both over budget due to the booking of the April '07 storm costs. At year end, the auditors will “increase” the budget in an amount equal to the money (to be) received from FEMA covering these expenditures.
- On page 12 (of 16), the final bills for the transfer station’s new scale have been booked to Acct #7450 – Replacement Equipment.
- Welfare, page 13 (of 16), continues to experience high demand for services that this department has been experiencing since the fall.
- Library, page 14 (of 16), is currently running ahead of budget as a result of having received the third of four payments towards its Appropriation expense.
- On page 15 (of 16), it should be noted that the debt service payments are not level throughout the year, each loan having its own specific payment date. In July, **\$5.4M in TANs** were paid off along with its associated **Tan interest expense of \$42k** (the default budget is \$10k). This cycle can be expected to repeat until the 2nd tax bills go out and are paid later in the year.
- On the same page, at the bottom, \$503.9k of the 2006 encumbered POs still remain but less than 35% of those dollars relate to operating expenses. Of the open Warrant Article commitments, the Woodland Road Property Purchase has \$245k remaining to be spent.
- With regards to the revolving accounts (Funds 024 - 027), the income shown for the EMS fund (027) only reflects six months vs. seven months of expenses. Comstar’s reports (copy of June attached) run a month behind on average.